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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

**IN RE MAGNESIUM CORPORATION
OF AMERICA**

**CASE NO. 01-14312REG
CH 11**

**OBJECTION OF STATE OF UTAH TO DEBTORS' MOTION TO SELL
SUBSTANTIALLY ALL ASSETS**

The State of Utah, including its Department of Natural Resources, Division of Oil, Gas and Mining, Division of Forestry, Fire and State Lands, and its School and Institutional Trust Lands Administration, objects to the debtors' Motion dated May 2, 2002 regarding a proposed sale of substantially all the debtors' assets and the bidding and other procedures for such proposed sale, on the following grounds:

The proposed expedited notice procedures are inadequate to allow interested parties to determine the merits of the proposed Motion or to prepare an appropriate response;

The moving papers are inadequate to determine what unexpired leases and executory contracts the debtors intend to be assumed, rejected or assigned to any prospective bidder;

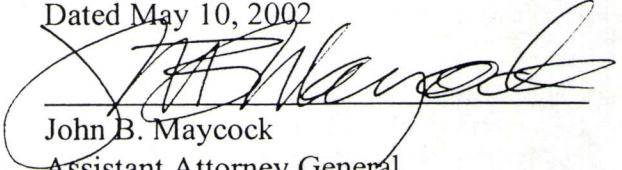
The conditions, including cure of defaults and adequate assurance of future performance, for assuming any such leases and contracts are not specified;

The assignability of any assumed leases and executory contracts under Bankruptcy Code Section 365(c) cannot be determined until they are identified with particularity;

The Facility is an extractive industry, whose value is dependent on the continued availability to the prospective bidders of the magnesium and other minerals which the Facility extracts from the brines of the Great Salt Lake, which brines are the sovereign property of the State of Utah. Such availability depends, in turn, on which of the many leases, mineral leases, and rights of way (see Debtors' Schedule of Leases, Exhibit B to Debtors' Motion to Extend Time to Assume or Reject Unexpired Leases) may be necessary to continued access to extraction of such brines. It also depends on the debtors and the prospective bidder complying with applicable Utah and federal statutes and regulations regarding mining and reclamation, including but not limited to the provisions of Title 40 of the United States Code and Title 30 of the Utah Code, regulations duly enacted thereunder, and either assigning debtors' present mining permits under the applicable provisions of such laws or the purchaser obtaining one or more new permits.

The debtors' failure to adequately identify which of such leases and unexpired contracts they intend to assume or reject, and upon what terms or conditions assumption and assignment may be accomplished (or not), makes it impossible for any prospective bidder to offer the full and fair value of the assets which the debtors propose to sell. This procedure would be manifestly unfair to the creditors and contrary to the intent of the Bankruptcy Code to obtain fair value from sale of property of the estate.

Dated May 10, 2002



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